

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA : **Criminal No. 03-555**

v. : **Date Filed:**

JOHN VITILLO : **Violations: 18 U.S.C. § 371**
VITILLO CORPORATION (Conspiracy - 1 Count)
VITILLO ENGINEERING, INC. **18 U.S.C. § 666(a)(1)(A)**
(Theft from program receiving
federal funds - 3 Counts)

SECOND SUPERSEDING INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times material to this Indictment:

A. THE READING REGIONAL AIRPORT AUTHORITY

1. The Reading Regional Airport (“RRA”), located in Berks County, Pennsylvania, was an airport providing air services to commuter and private airplanes and passengers. The RRA was managed by the Reading Regional Airport Authority (“the Authority”), an organization and local governmental agency which received money from the federal government for a number of its programs.

B. THE FEDERAL GRANT MONEY TO THE AUTHORITY

2. The Federal Aviation Administration (FAA), an agency of the United States Department of Transportation, provided grants to airports for capital improvements through the Airport Improvement Program (AIP).

3. The Authority received grants on a yearly basis from the FAA through the AIP

for projects designated by the Authority in its Airport Capital Improvement Plan (ACIP) filed with the FAA. The projects included the Terminal Expansion Project (“the Expansion Project”) that was intended to improve terminal facilities.

4. In 1997, the Authority received AIP grants totaling \$500,000 from the FAA for RRA improvement programs.

5. In 1998, the Authority received AIP grants totaling \$900,000 from the FAA for RRA improvement programs.

6. In 1999, the Authority received AIP grants totaling \$546,595 from the FAA for RRA improvement programs.

7. In 2000, the Authority received AIP grants totaling \$1,125,500 from the FAA for RRA improvement programs.

8. The grant money, set forth in paragraphs 4 through 7 above, was used by the Authority for improvement programs between July 1997 and May 2000.

C. THE DEFENDANTS

9. Between in or about July 1997 and in or about April 1998, defendant JOHN VITILLO was the president of Vitillo Group, Inc., an engineering firm located at 150D Love Road, Reading, Pennsylvania. In or about April, 1998, Vitillo Group, Inc. became defendant VITILLO ENGINEERING, INC.

10. In or about spring 1998, defendant JOHN VITILLO created defendant VITILLO CORPORATION, located at 150D Love Road, Reading, Pennsylvania, a business engaged in construction and engineering activity. Defendant VITILLO ENGINEERING, INC. became a subsidiary of defendant VITILLO CORPORATION.

11. In or about October 1997, Vitillo Group, Inc. was appointed by the Authority as the primary engineer and principal engineer consultant for the Authority and the RRA. In or about April 1998, defendant VITILLO ENGINEERING, INC. assumed Vitillo Group, Inc.'s duties with the Authority and the RRA. Defendant VITILLO ENGINEERING, INC. submitted its bills for services to the Authority through defendant VITILLO CORPORATION.

12. On or about December 10, 1998, a contract was signed between the Authority and defendant JOHN VITILLO making defendant VITILLO ENGINEERING, INC. the construction manager of the RRA Expansion Project with compensation to paid to defendant VITILLO ENGINEERING, INC based upon the number of hours worked by its employees.

13. Between in or about February 1998 and in or about January 2001, in Berks County, in the Eastern District of Pennsylvania and elsewhere, defendants

**JOHN VITILLO,
VITILLO ENGINEERING, INC.,
VITILLO CORPORATION,**

and various employees known to the grand jury, acting as agents of the Reading Regional Airport Authority, an organization which received benefits of over \$10,000 in any one year period under a federal program involving a grant, contract, subsidy, loan, guarantee, insurance or other form of federal assistance, conspired and agreed together and with other persons known and unknown to the grand jury to embezzle, steal, and obtain by fraud property valued at \$5,000 or more, which money was owned by and under the care, custody and control of the Reading Regional Airport Authority, in violation of Title 18, United States Code, Section 666(a)(1)(A).

MANNER AND MEANS

It was a part of the conspiracy that:

14. Defendants JOHN VITILLO, VITILLO ENGINEERING, INC., VITILLO CORPORATION, and others acting at JOHN VITILLO's direction, created false invoices and billing records to fraudulently obtain money from the RRA.

15. Defendants JOHN VITILLO, VITILLO ENGINEERING, INC., and VITILLO CORPORATION falsely inflated the number of hours reportedly worked on projects at the RRA to fraudulently obtain money from the RRA.

16. Defendant JOHN VITILLO directed employees at VITILLO ENGINEERING, INC., and VITILLO CORPORATION to create fictitious corporate employee time cards for purpose of audit to support the fraudulent billings submitted to the Authority.

17. Defendant JOHN VITILLO removed from VITILLO CORPORATION original invoices to the RRA, original job status reports, and the actual time cards originally prepared by VITILLO ENGINEERING, INC., and VITILLO CORPORATION employees for work performed at RRA.

18. Defendant JOHN VITILLO replaced the actual time cards originally prepared by VITILLO ENGINEERING, INC., and VITILLO CORPORATION employees with fictitious time cards that had been falsified and inflated by company employees at the direction of VITILLO.

OVERT ACTS

In furtherance of the conspiracy, defendants JOHN VITILLO, VITILLO ENGINEERING, INC., and VITILLO CORPORATION, and others known and unknown to the

grand jury, committed the following overt acts in the Eastern District of Pennsylvania and elsewhere:

1. Between in or about March 1998 and in or about May 2000, defendants JOHN VITILLO, VITILLO ENGINEERING, INC., and VITILLO CORPORATION created and submitted to the Authority inflated billings for work hours allegedly performed by VITILLO ENGINEERING, INC., and VITILLO CORPORATION employees and officers at RRA on projects including the Expansion Project.

2. Between in or about March 1998 and in or about May 2000, defendants JOHN VITILLO, VITILLO ENGINEERING, INC., and VITILLO CORPORATION received from the Authority approximately \$317,760 resulting from the inflated billings for work hours allegedly performed by VITILLO ENGINEERING, INC., and VITILLO CORPORATION employees and officers at RRA on projects including the Expansion Project.

3. In or about late summer 2000, defendant JOHN VITILLO directed defendant VITILLO CORPORATION employees to create fictitious time cards to support the fraudulent billable hours and to substitute the phony time cards for the actual records.

4. In or about January 2001, defendant JOHN VITILLO removed the actual company time cards and billing paperwork from VITILLO ENGINEERING, INC., and VITILLO CORPORATION to prevent these records being examined during an anticipated audit of the records by the County of Berks.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

THE GRAND JURY FURTHER CHARGES THAT:

Between on or about September 1, 1998 and on or about December 31, 1998 in Berks County, in the Eastern District of Pennsylvania and elsewhere, defendants

**JOHN VITILLO,
VITILLO ENGINEERING, INC.,
and
VITILLO CORPORATION,**

agents of the Reading Regional Airport Authority, an organization which received benefits of over \$10,000 in any one year period, that is 1998, under a federal program involving a grant, contract, subsidy, loan, guarantee, insurance or other form of federal assistance, embezzled, stole, and obtained by fraud, and aided, abetted, counseled, and procured the embezzlement, theft, and fraudulent obtaining of, property valued at \$5,000 or more, that is approximately \$7,801 in payments for hourly work not performed, which money was owned by and under the care, custody and control of the Reading Regional Airport Authority.

In violation of Title 18, United States Code, Section 666(a)(1)(A) and Section 2.

COUNT THREE

THE GRAND JURY FURTHER CHARGES THAT:

Between in or about January 1999 and in or about December 1999 in Berks County, in the Eastern District of Pennsylvania and elsewhere, defendants

**JOHN VITILLO,
VITILLO ENGINEERING, INC.,
and
VITILLO CORPORATION,**

agents of the Reading Regional Airport Authority, an organization which received benefits of over \$10,000 in any one year period, that is 1999, under a federal program involving a grant, contract, subsidy, loan, guarantee, insurance or other form of federal assistance, embezzled, stole, and obtained by fraud, and aided, abetted, counseled, and procured the embezzlement, theft, and fraudulent obtaining of, property valued at \$5,000 or more, that is approximately \$172,360 in payments for hourly work not performed, which money was owned by and under the care, custody and control of the Reading Regional Airport Authority.

In violation of Title 18, United States Code, Section 666(a)(1)(A) and Section 2.

COUNT FOUR

THE GRAND JURY FURTHER CHARGES THAT:

Between in or about January 2000 and in or about May 2000 in Berks County, in the Eastern District of Pennsylvania and elsewhere, defendants

**JOHN VITILLO,
VITILLO ENGINEERING, INC.,
and
VITILLO CORPORATION,**

agents of the Reading Regional Airport Authority, an organization which received benefits of over \$10,000 in any one year period, that is 2000, under a federal program involving a grant, contract, subsidy, loan, guarantee, insurance or other form of federal assistance, embezzled, stole, and obtained by fraud, and aided, abetted, counseled, and procured the embezzlement, theft, and fraudulent obtaining of, property valued at \$5,000 or more, that is approximately \$6,749 in payments for hourly work not performed, which money was owned by and under the care, custody and control of the Reading Regional Airport Authority.

In violation of Title 18, United States Code, Section 666(a)(1)(A) and Section 2.

Notice of Additional Factors

THE GRAND JURY FURTHER CHARGES THAT:

1. In committing the offenses charged in Counts One through Four of this indictment, defendant JOHN VITILLO:

a. Caused a loss or attempted loss to the Reading Regional Airport Authority in excess of \$200,000, as described in U.S.S.G. § 2B1.1.

b. Acted as an organizer and leader of a criminal activity that involved five or more participants and was otherwise extensive, as described in U.S.S.G. § 3B1.1(a).

c. Abused a position of public and private trust, as described in U.S.S.G. § 3B1.3.

Notice of Additional Factors

THE GRAND JURY FURTHER CHARGES THAT:

1. In committing the offenses charged in Counts One through Four of this indictment, defendants VITILLO ENGINEERING, INC. and VITILLO CORPORATION:

a. Caused a loss or attempted loss to the Reading Regional Airport Authority in excess of \$200,000, as described in U.S.S.G. § 2B1.1.

A TRUE BILL:

FOREPERSON

PATRICK L. MEEHAN
United States Attorney